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10 February 1983

MEMORANDUM FOR THE RECORD

FROM : Deputy Chief  
Technology Transfer Assessment Center

SUBJECT: SIG-IEP on East-West Trade:  
Working Group Meeting on Oil and Gas  
Equipment and Other High Technology [ ]

1. A meeting of the SIG-IEP on East-West Trade Working Group on Oil and Gas Equipment and Other High Technology was held at State on 3 February 1983. See the attached agenda. [ ]

2. The Group coordinated the attached cable to Paris outlining the US proposal for the creation of an ad hoc study group to review "other high technology, including oil and gas". Please note paragraphs G & H for proposed meeting of the ad hoc group in London on 3-4 March and the HLM in Paris on April 18-19 with fall back to April 11-12. [ ]

3. With regard to preparations for the Ad Hoc Study Group:  
-- DoD will continue to take the lead in (1.a. & b.) "Emerging Technologies" with CIA to support. I floated Jan Herring's "Other Technologies Concept" paper (attached) to the Group and it was well received. Hopefully DoD will incorporate its logic into their next draft. DoD plans to have a list of sensitive technologies ready by 15 February, but is not getting full cooperation from other DoD elements who are less than eager to have their "emerging technology" considered for control! [ ]

-- Commerce will continue to develop its rationale for oil and gas controls. [ ] SOVA, and [ ] [ ] TTAC, attended a meeting at Commerce on 9 February to review Commerce's oil and gas equipment list, particularly concerning Soviet availability of this equipment. [ ]

4. Regarding preparation of the HLM Objectives Paper for US consideration, the following agencies were tasked:

-- Commerce will prepare a draft on enforcement and harmonization (1.a.)

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SUBJECT: SIG-IEP on East-West Trade 

- State and DoD on modernization of COCOM operations including budgets and administration (1.c.)
- State and DoD will review the COCOM strategic criteria (1.d.)
- DoD will raise prospects for a Military Subcommittee
- State will consider inviting Australia and New Zealand into COCOM
- Commerce to lead on oil and gas equipment
- A new introduction will cover COCOM's overall effectiveness and responsiveness

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These drafts were due to the Working Group on 9 February. 

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Attachment:  
As stated

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**C O N F I D E N T I A L**

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ZCZC 02:07:22Z (ST)

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**STATE**

ACTION: NONE INFO: NIO/WE, JDPN-W, JDPN-N, ODPB-S, OGI/E/PSA,  
JGI/EC/TM, OGI/EC/TM1, ODE/EE, JDE/EI/EI, ODE/EI/PS, ODE/FR, ODE/WE,  
DSA/PA/S, OSMR/TTC, JSMR/TTC/S, PLANFAC-E ( ), RF, SOV/CS/Y, SOV/PA/F,  
SOV/SE, SOV/SE/R, SOV/SFE, ZSAG/NE3, ZSAG/PPB, ZSAG/SEB, FILE, EUR/F-2,  
EUR/RR, EUR/STE, SE/RR, SE/KEU, CEI/TIC-3, CR/E, ICS/ONC/EU, NICLO/WE,  
VIJ/USSR, SAG/NEB, SAG/PPB, SAG/SEI-S, STD/SSTB, (20/W)  
N1A, S1D, S2G, S2I, E1A, E2C, E2D, E4F, E3A, F1A, F1B,

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RUEHOL/AMEMBASSY BONA IMMEDIATE 0000  
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RUDKPNQ/AMEMBASSY COPENHAGEN IMMEDIATE 0000  
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RUDKFDQ/AMEMBASSY LISBON IMMEDIATE 0000  
RUEHRO/AMEMBASSY ROME IMMEDIATE 0000  
RUEHBBG/AMEMBASSY LUXEMBOURG IMMEDIATE 0000

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EZ1:

C O N F I D E N T I A L STATE 033135

EZ2:

USDECD, EXCON

E.O. 12356: DECL: OADR

TAGS: COCOM, ESTC

SUBJECT: ALLIED AGREEMENT ON EAST-WEST TRADE; COCOM AND  
OTHER HIGH TECHNOLOGY, INCLUDING OIL AND GAS

REF: A) LONDON 2477; B) PARIS 4069

1. (C) ENTIRE TEXT.

2. USDEL SHOULD USE THE FOLLOWING POINTS TO SECOND PROPOSAL  
FOR CREATION OF AN AD HOC STUDY GROUP TO REVIEW "OTHER HIGH  
TECHNOLOGY, INCLUDING OIL AND GAS" WHICH WE HOPE THE UK WILL  
MAKE EITHER IN A DOCUMENT PRIOR TO THE FEBRUARY 8 COCOM  
MEETING OR AT THAT MEETING. IF THE UK FINALLY DECIDES  
AGAINST TAKING THE LEAD ON THIS ISSUE, USDEL SHOULD, AFTER  
INFORMING THE UK DELEGATE BILATERALLY, USE THIS INFORMATION  
IN FORMALLY PROPOSING THE CREATION OF AN AD HOC STUDY GROUP.

3. ELEMENTS OF STATEMENT:

-----A. THE UNITED STATES FULLY AGREES WITH THE UK THAT AT  
THIS STAGE THE MOST FEASIBLE MEANS FOR THE COMMITTEE TO

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UNDERTAKE A REVIEW OF "OTHER HIGH TECHNOLOGY, INCLUDING OIL AND GAS" WOULD BE THE CREATION OF A SPECIAL AD HOC GROUP COMPOSED OF REPRESENTATIVES FROM THE MEMBER GOVERNMENTS. THIS WOULD ALLOW SUCH A STUDY TO GET UNDERWAY WITHOUT INTERFERING WITH THE ONGOING LIST REVIEW -AND FURTHER BURDENING THE SECRETARIAT.

-----B. IN THE US VIEW, THE BASIC OBJECTIVE OF THE AD HOC GROUP WOULD BE TO EXAMINE WHETHER THE SECURITY INTERESTS OF THE MEMBER GOVERNMENTS REQUIRE CONTROLS ON THE EXPORT TO THE SOVIET UNION AND EASTERN EUROPE OF CERTAIN ADDITIONAL TYPES OF ADVANCED TECHNOLOGY AND EQUIPMENT. THE US BELIEVES THAT THE AD HOC GROUP SHOULD FOCUS ON TECHNOLOGY AREAS NOT NOW COVERED BY THE COCOM LISTS OR BEING CONSIDERED FOR CONTROL IN THE CURRENT LIST REVIEW.

-----C. WITH REGARD TO THE OIL AND GAS SECTOR, UNITED STATES BELIEVES THE AD HOC STUDY GROUP SHOULD EXAMINE IN BROAD TERMS WHETHER CONTROLS ON THE EXPORT BY COCOM COUNTRIES OF HIGH TECHNOLOGY OIL AND GAS EQUIPMENT AND TECHNICAL DATA MIGHT BE ADVANTAGEOUS TO WESTERN SECURITY, WHAT EQUIPMENT AND DATA ARE INVOLVED, AND HOW ITS EXPORT MIGHT BE CONTROLLED. WE BELIEVE THAT THE AD HOC GROUP SHOULD EXAMINE SUCH MATTERS AS THE ROLE OF ENERGY DEVELOPMENT IN THE SOVIET ECONOMY AND THE EXTENT TO WHICH WESTERN ASSISTANCE TO IT CONTRIBUTES TO SOVIET DECISIONS ON RESOURCE ALLOCATION AMONG MILITARY AND CIVIL SECTORS, THE ADVANTAGES TO THE SOVIETS IN PURSUING THEIR STRATEGIC AIMS OF INCREASED ENERGY EXPORTS TO HARD CURRENCY MARKETS, EASTERN EUROPE, AND OTHER CLIENT STATES, AND THE EXTENT OF SOVIET DEPENDENCE ON WESTERN OIL AND GAS EQUIPMENT AND TECHNOLOGY. THE AD HOC GROUP SHOULD NOT DUPLICATE THE WORK OF OTHER BODIES. HOWEVER, TO THE EXTENT POSSIBLE MEMBER GOVERNMENTS CAN DRAW ON THE WORK OF THE OTHER STUDIES IN THE IEA AND NATO AS TO THE IMPACT OF SOVIET ENERGY EXPORTS ON WESTERN ENERGY SECURITY.

-----D. THE UNITED STATES BELIEVES THAT THE AD HOC STUDY GROUP COULD ALSO USEFULLY EXPLORE THE DESIRABILITY AND MODALITIES OF MONITORING IN COCOM EMERGING TECHNOLOGIES WHICH AT SOME FUTURE DATE COULD HAVE DIRECT IMPLICATIONS FOR THE SECURITY INTERESTS FOR MEMBER GOVERNMENTS. THE UNITED STATES IS ATTEMPTING TO IDENTIFY EXAMPLES OF SUCH EMERGING TECHNOLOGIES WHICH COULD BE REVIEWED BY THE GROUP. HOWEVER, WHAT IS MORE IMPORTANT THAN THE REVIEW OF ANY LIST OF TECHNOLOGIES IS THE COMMITTEE'S CONSIDERATION OF HOW WE CAN ASSURE IN THE FUTURE WE DO NOT INADVERTENTLY TRANSFER EMERGING TECHNOLOGIES OF MILITARY UTILITY TO THE SOVIET UNION AND THE MARSAM PACT.

-----E. IN THE CONTEXT OF ITS STUDY THE US WOULD EXPECT THAT THE AD HOC GROUP WOULD IDENTIFY SPECIFIC TYPES OF OIL AND GAS EQUIPMENT AND TECHNOLOGIES WHICH HAVE PARTICULAR SECURITY IMPLICATIONS AND COULD CONSIDER VARIOUS OPTIONS FOR EXTENDING CONTROLS WHERE DEEMED NECESSARY. THE US IS IN THE PROCESS OF IDENTIFYING TYPES OF OIL AND GAS EQUIPMENT AND TECHNOLOGIES WHICH COULD BE CONSIDERED BY THE GROUP AND WILL BE SUBMITTING ITS PRELIMINARY VIEWS TO THE COMMITTEE PRIOR TO THE FIRST MEETING OF THE AD HOC GROUP. THE UNITED STATES WOULD LIKE TO EMPHASIZE ITS VIEW THAT AN INITIAL MEETING OF THE GROUP SHOULD CONSIDER HOW TO APPROACH THE SUBJECT RATHER THAN GO IMMEDIATELY INTO

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-----F. IN LINE WITH THESE BROAD OBJECTIVES THE US WOULD PROPOSE THE FOLLOWING AGENDA FOR THE INITIAL MEETING OF THE AD HOC GROUP:

1. OIL AND GAS SECTOR

(A) THE ROLE OF ENERGY DEVELOPMENT IN THE SOVIET ECONOMY AND THE CONSEQUENCES TO WESTERN SECURITY INTERESTS OF WESTERN PARTICIPATION IN IT;

(B) PRELIMINARY ANALYSIS OF PROPOSALS FOR THE CONTROL OF SPECIFIC TYPES OF OIL AND GAS EQUIPMENT AND TECHNOLOGY AND RATIONALE FOR CONTROL SUBMITTED BY MEMBER GOVERNMENTS;

2. OTHER HIGH TECHNOLOGY

(A) DISCUSSION OF COCOM'S MONITORING OF EMERGING TECHNOLOGIES.

G. (IF BRITISH OFFER TO HOST INITIAL MEETING) THE UNITED STATES GREATLY APPRECIATES THE UK OFFER TO HOST THE INITIAL SESSION IN LONDON AND CAN AGREE WITH THAT VENUE.

H. THE UNITED STATES PROPOSES THAT THE INITIAL MEETING OF THE AD HOC GROUP BE HELD ON MARCH 3-4 AND THE HLM BE SCHEDULED FOR APRIL 18-19. THIS GAP WILL ALLOW THE GOVERNMENTS TIME TO EVALUATE AND POSSIBLY CONSULT ON THE RESULTS OF THE FIRST MEETING OF THE AD HOC GROUP PRIOR TO THE HLM. FYI: IN DISCUSSION USDE. CAN AGREE TO APRIL 11-12 FOR THE HLM AS FALL BACK. WE ARE CONSIDERING SOME POLITICAL BILATERALS IN ADVANCE OF THE HLM. END FYI.

I. THE US BELIEVES THAT THE OPENING SESSION OF THE AD HOC GROUP MEETING BE ATTENDED BY POLICY LEVEL OFFICIALS (WE SUGGEST DAS LEVEL) ALONG WITH TECHNICIANS. FOR THE PURPOSE OF FUTURE WORK IT WOULD BE USEFUL IF THE GROUP ESTABLISHED TWO SUBGROUPS, ONE ON THE OIL AND GAS SECTOR AND ANOTHER ON EMERGING TECHNOLOGIES. THE OIL AND GAS SUBGROUP (INVOLVING TECHNICIANS IN THIS FIELD) COULD PERHAPS BEGIN ITS INITIAL DISCUSSIONS FOLLOWING THE OPENING SESSION.

J. RE PARIS 4069. IN SELECTING THE PROPOSED DATES FOR THE HLM WE HAVE CONSIDERED THE OBSERVATIONS OF THE OTHER DELEGATIONS. DAM

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**C O N F I D E N T I A L**

MEMORANDUM FOR: DC/TTAC

SUBJECT : "Other Technologies" Concept

1. Can be put into three basic categories:

- I. Developed technologies (e.g. robotics) that are not on COCOM lists today. Basic problem is that 3 year intervals for list review is not realistic in today's rapid pace S&T world. We need a continuing, technically based body within COCOM to follow these and propose additions independent of member countries, but for their approval.
- II. Emerging technologies (e.g. genetic engineering and integrated optics) that are just leaving laboratory and basic research stage and that have a high likelihood of being used in future (5 to 10 years) military systems. The NATO and proposed COCOM technical body (above) would be tasked with making such assessments, again for member country consideration and approval.
- III. Advanced civilian technology (e.g. VLSI and ceramics) that have been initially developed for civilian applications -- with no near term military uses -- but because of their clear technological or industrial advantages have a high likelihood of being used in future Western weapons systems. This category can be termed "technology inversion". The groups identified in II above would have the responsibility for assessing



this category and proposing COCOM acceptance.

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